

Persons who provide cleaning or janitorial services and use cleaning supplies as part of those services incur Use Tax liability on the cost price of those cleaning supplies. See, generally, 86 Ill. Adm. Code 150.101 (This is a GIL.)

November 8, 2004

Dear Xxxxx:

This letter is in response to your letter dated December 1, 2003, in which you request information. The Department issues two types of letter rulings. Private Letter Rulings ("PLRs") are issued by the Department in response to specific taxpayer inquiries concerning the application of a tax statute or rule to a particular fact situation. A PLR is binding on the Department, but only as to the taxpayer who is the subject of the request for ruling and only to the extent the facts recited in the PLR are correct and complete. Persons seeking PLRs must comply with the procedures for PLRs found in the Department's regulations at 2 Ill. Adm. Code 1200.110. The purpose of a General Information Letter ("GIL") is to direct taxpayers to Department regulations or other sources of information regarding the topic about which they have inquired. A GIL is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120. You may access our website at www.ILTAX.com to review regulations, letter rulings and other types of information relevant to your inquiry.

The nature of your inquiry and the information you have provided require that we respond with a GIL. In your letter you have stated and made inquiry as follows:

ABC provides a complete solution for all financial applications that require the determination, calculation, and reporting of U.S. sale and use tax. The ABC sale and use tax manager automatically determines any state, county, city, transit or special district taxes associated with a given address. ABC also provides product taxability. ABC determines whether particular products are taxable or exempt and our customers map their products to our product listing.

We are seeking guidance on the taxability of cleaning/janitorial. Our specific product taxability questions are detailed below. It would be helpful if you included the states reference.

1. Are cleaning/janitorial services subject to sales and use tax in Illinois?

Thank you for your assistance in this matter.

DEPARTMENT'S RESPONSE:

The provision of cleaning or janitorial services in which no tangible personal property is transferred incident to those services is not subject to Retailers' Occupation Tax or Use Tax (sales

tax) in Illinois. The Retailers' Occupation Tax Act and Use Tax Act apply only to retail sales of tangible personal property. See 86 Ill. Adm. Code 130.101

In Illinois, Use Tax is imposed, however, on the privilege of using, in this State, any kind of tangible personal property that is purchased anywhere at retail from a retailer. See 86 Ill. Adm. Code 150.101. If the purchases occur in Illinois, the purchasers must pay the Use Tax to the retailer at the time of purchase. If the purchases occur outside Illinois, and the vendor does not collect the Illinois tax, purchasers must self assess their Use Tax liability and remit it directly the Department. Persons who provide cleaning or janitorial services and use cleaning supplies as part of those services incur Use Tax liability on the cost price of those cleaning supplies because they use the cleaning supplies as part of providing their cleaning or janitorial service. The recipients of those services incur no tax liability in regards to the use of the supplies by the cleaning or janitorial service providers. Because the supplies are used by cleaning or janitorial services, they cannot be purchased for resale.

I hope this information is helpful. If you require additional information, please visit our website at www.ILTAX.com or contact the Department's Taxpayer Information Division at (217) 782-3336. If you are not under audit and you wish to obtain a binding PLR regarding your factual situation, please submit a request conforming to the requirements of 2 Ill. Adm. Code 1200.110 (b).

Sincerely,

Samuel J. Moore
Associate Counsel

SJM:msk